

Scott Walker  
Governor



**DIVISION OF MEDICAID SERVICES**

1 WEST WILSON STREET  
PO BOX 309  
MADISON WI 53701-0309

Linda Seemeyer  
Secretary

**State of Wisconsin**  
Department of Health Services

Telephone: 608-266-8922  
Fax: 608-266-1096  
TTY: 711

## **Agenda**

### **Nursing Home Industry Meeting Wisconsin Medicaid Nursing Facility Payment Methods**

Wednesday, July 12, 2017  
10:00 AM - 12:00 PM  
Conference Room 751

1. Welcome and opening remarks – Rene Eastman
2. Biennial Budget Update – Richard Megna
3. *Methods* changes – Rene Eastman
  - a. Proposed Changes
    - i. Cost Report Due Dates
    - ii. Lease maximums when previously owned (s. 3.523(2))
    - iii. Increasing the \$0.05 threshold for material adjustments (s. 4.120)
    - iv. Resident televisions (s. 3520)
    - v. Employee vaccines and physicals (s. 1.308)
4. Preliminary rate modelling estimates – Jim Robinson
  - a. Case mix index / acuity trend estimate
  - b. Patient days trend estimate
  - c. Inflation forecast
  - d. Patient liability revenue forecast
5. Behavioral/Cognitive Impairment (BEHCI) Access and Improvement Incentive
  - a. Overview – Jim Robinson
  - b. Options Discussion – Rene Eastman
6. Next Steps – Rene Eastman
  - a. 3<sup>rd</sup> Public Meeting – August 23<sup>rd</sup>



# Nursing Home *Methods*

Public Meeting – July 12, 2017

10 a.m. – 12 p.m.

1 West Wilson, Room 751

# Presenters

**Rene Eastman**, Section Chief  
Nursing Home Policy and Rate Setting  
Division of Medicaid Services

**Jim Robinson**, Director  
Center for Health Systems Research and  
Analysis (CHSRA) UW-Madison

**Richard Megna**  
Office of Policy Initiatives and Budget  
Department of Health Services

# Agenda

- Welcome and opening remarks (Rene)
- Budget update (Richard)
- Proposed *Methods* changes (Rene)
- Preliminary rate modeling estimates (Jim)
- Behavioral/Cognitive Impairment access and improvement incentives (Jim and Rene)
- Next steps (Rene)

# Opening Remarks

## Welcome!

- Housekeeping items
  - Sign-in sheet
  - Teleconference mute button policy
- Meeting materials available on [www.dhs.wisconsin.gov/nh-rates/index.htm](http://www.dhs.wisconsin.gov/nh-rates/index.htm)

# Biennial Budget

*Biennial Budget Update*

**Richard Megna**

**Office of Policy Initiatives and Budget  
Department of Health Services**



# Status of Biennial Budget Bill

- Biennial Budget bill is still under review by the Joint Committee on Finance (JFC) and Legislature.
- JFC review and executive action on the Medicaid budget has been completed but transportation and other issues have caused delays.
- Typically, there are few changes to the budget after JFC review, but Assembly and Senate review of the Biennial Budget could modify the Budget provisions for Medicaid and other areas.
- Also, after Assembly and Senate review, there can be partial vetoes by the Governor.

# New Funding in Budget

- **Skilled nursing facility (SNF) rates**: Governor recommended 2% increase in each year of the FY 17-19 biennium and JFC concurred.
  - FY 18: \$12,448,500 AF
  - FY 19: \$26,190,900 AF
- **Behavioral & Cognitive Impairment Incentive (BEHCI)**: Governor recommended \$5 million AF annually and JFC concurred.
- **ICF-IID Rates**: Governor recommended 1% increase in each year of the FY 17-19 biennium and JFC concurred.
  - FY 18: \$71,300 AF
  - FY 19: \$136,00 AF
- **Family Care Direct Care Workers**: No provision in Governor's budget but JFC added \$12.5 million GPR annually to JFC supplemental appropriation to support an AF increase of slightly over \$30 million, contingent on federal and JFC approvals.
  - FY 18: \$30,273,700 AF
  - FY 19: \$30,458,100 AF





# Related Budget Provisions

- **Personal Care Rate Increase:** Governor recommended a 2%/2% rate increase and JFC concurred. \$5.0 million AF in FY 18 and \$9.9 million AF in FY 19.
- **Statewide Expansion of Family Care:** Budget assumes Family Care will expand statewide by end of SFY 18 (Adams, Dane, Florence, Forest, Oneida, Taylor, and Vilas counties).
- **Nursing Home Bed Licenses:** No provision in Governor's budget, but JFC requires DHS approve an 18 bed license increase for a particular nursing facility and requires DHS to develop policies specifying procedures for bed transfers. Report to JFC due by July 1, 2018.



# Related Budget Provisions

- **Exemption for Bed Assessment:** No provision in Governor's budget, but JFC would exempt county-owned IMDs and state-only licensed nursing homes, contingent on federal review.
- **Dementia Care Specialists:** No provision in Governor's budget, but JFC provides funding to maintain 19 current dementia care specialists (DCSs) through FY18, increasing to 24 DCSs starting July 1, 2018.
- **Family Care Partnership Program Statewide Expansion:** No provision in Governor's budget, but JFC directs Department to submit a waiver to expand FC Partnership statewide by December 31, 2017.



# Proposed *Methods* Changes

## Cost Report Due Dates

- Department of Health Services (DHS) will extend due dates to match Medicare
  - 5 months after fiscal year end with a financial statement audit (May 31 if calendar year end)
- Due date expectations will be firm
  - Rates can be reduced by 25% for failure to submit a timely cost report

## Lease Maximums

- Changes tabled to be studied as a part of the planned property workgroup

# Proposed *Methods* Changes

## Material Adjustments

- Threshold for material adjustments will be raised to \$0.50 per patient day impact.
- Original rate letter/adjustments will allow 30 days for provider response
- Subsequent changes to rate/adjustments will allow for seven additional days after the auditor response (or the original 30-day period if still outstanding)

# Proposed *Methods* Changes

## Resident Televisions

- Will continue to not be allowable property expenses

## Fringe Benefits

- Employee vaccines and physicals will be allowable as fringe benefits on Schedule 28.
- Bright-line rule: pre-employment vs. employees
- Pre-employment drug screens or other activities will still be treated as administrative costs.



# Preliminary Rate Modeling Estimates

*Case Mix Index (CMI) trend estimate*  
*Patient liability revenue forecast*

**Jim Robinson, CHSRA**



# Behavioral/Cognitive Impairment Incentives

*Methodology Overview*

**Jim Robinson, CHSRA**

*Options Discussion*

**Rene Eastman, DHS**



# Next Steps

- Final public meeting August 23
- *Methods* submission deadline September 30

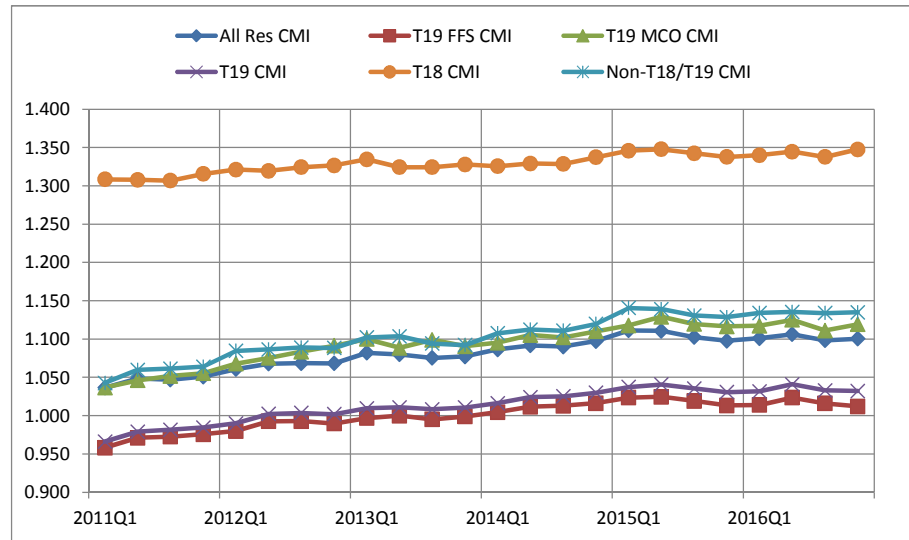
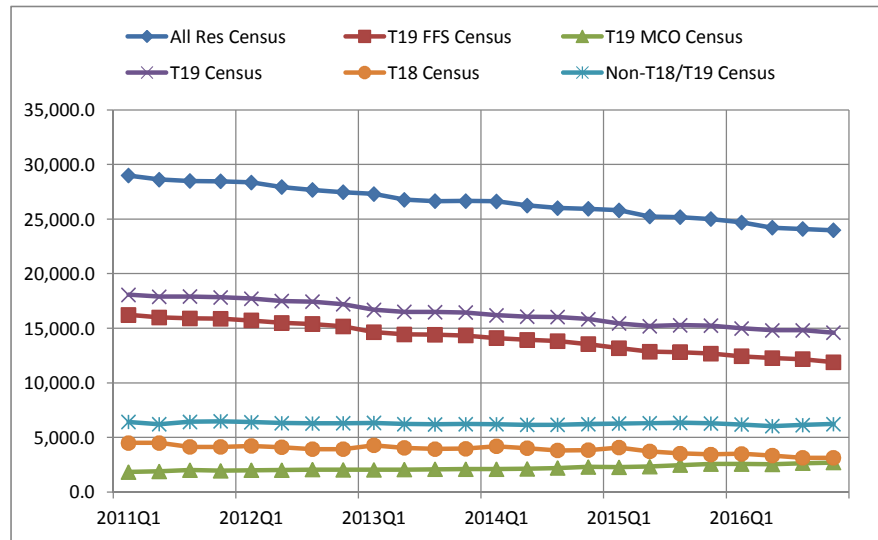




# WI Nursing Home Census and Case Mix History

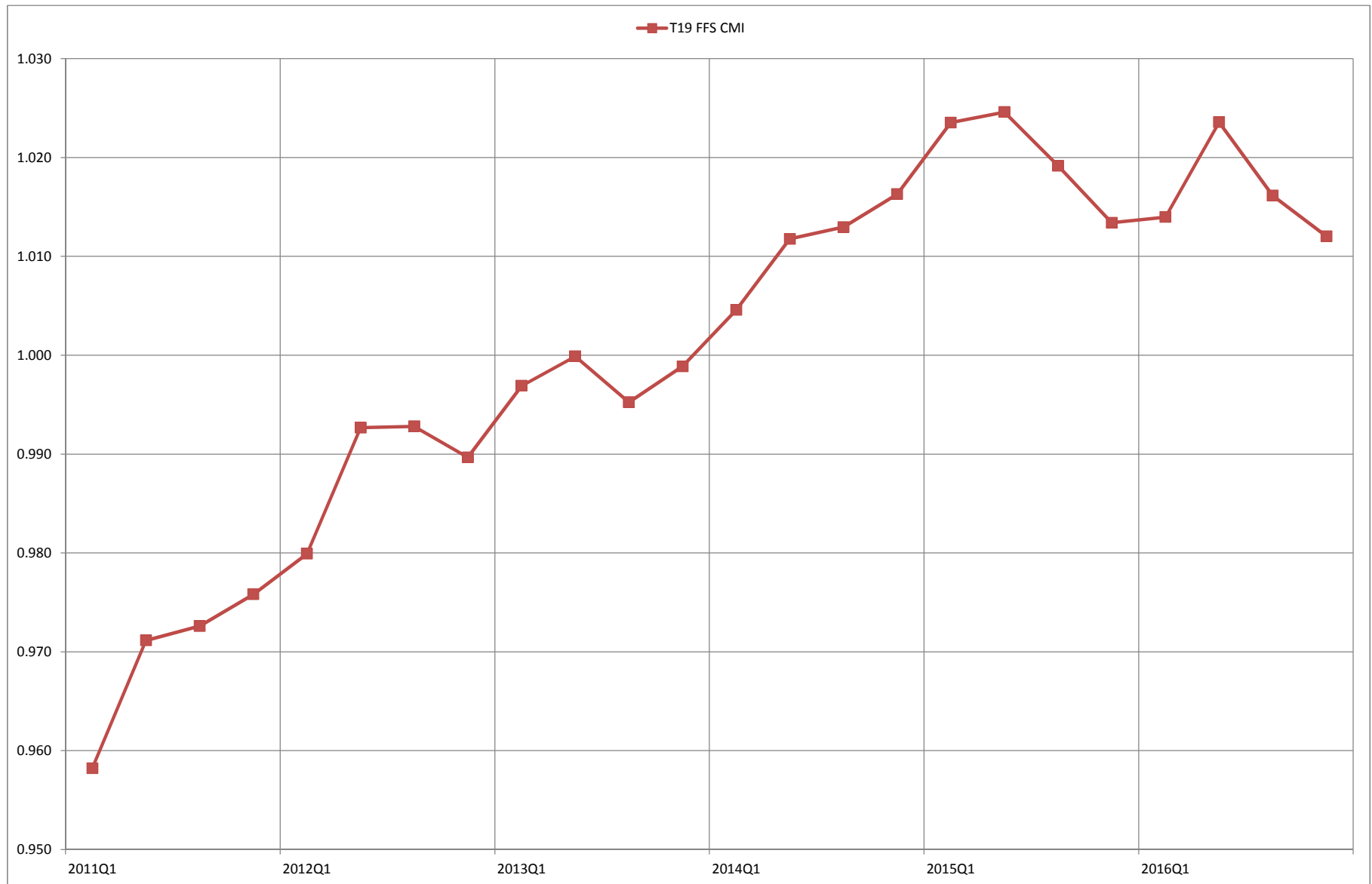
Excludes state owned/operated facilities and non-Medicaid facilities; excludes DD, vent. and TBI residents

| Picture Quarter | Rate Quarter | All Res Census | T19 FFS Census | T19 MCO Census | T19 Census | T18 Census | Non-T18/T19 Census | All Res CMI | T19 FFS CMI | T19 MCO CMI | T19 CMI | T18 CMI | Non-T18/T19 CMI |
|-----------------|--------------|----------------|----------------|----------------|------------|------------|--------------------|-------------|-------------|-------------|---------|---------|-----------------|
| 2011Q1          | 2011Q4       | 28,993.3       | 16,231.2       | 1,843.4        | 18,074.6   | 4,499.4    | 6,419.3            | 1.036       | 0.958       | 1.037       | 0.966   | 1.308   | 1.042           |
| 2011Q2          | 2012Q1       | 28,614.4       | 15,996.2       | 1,896.6        | 17,892.8   | 4,498.6    | 6,223.0            | 1.048       | 0.971       | 1.046       | 0.979   | 1.308   | 1.060           |
| 2011Q3          | 2012Q2       | 28,494.1       | 15,900.4       | 2,012.7        | 17,913.0   | 4,144.1    | 6,437.0            | 1.047       | 0.973       | 1.052       | 0.982   | 1.307   | 1.061           |
| 2011Q4          | 2012Q3       | 28,454.1       | 15,881.0       | 1,954.5        | 17,835.5   | 4,142.1    | 6,476.5            | 1.051       | 0.976       | 1.055       | 0.985   | 1.316   | 1.064           |
| 2012Q1          | 2012Q4       | 28,359.8       | 15,718.7       | 2,004.5        | 17,723.2   | 4,229.8    | 6,406.8            | 1.061       | 0.980       | 1.068       | 0.990   | 1.321   | 1.085           |
| 2012Q2          | 2013Q1       | 27,927.3       | 15,497.1       | 2,008.7        | 17,505.9   | 4,105.7    | 6,315.7            | 1.068       | 0.993       | 1.075       | 1.002   | 1.319   | 1.086           |
| 2012Q3          | 2013Q2       | 27,664.9       | 15,389.2       | 2,057.1        | 17,446.3   | 3,927.2    | 6,291.5            | 1.069       | 0.993       | 1.084       | 1.004   | 1.324   | 1.089           |
| 2012Q4          | 2013Q3       | 27,457.8       | 15,164.4       | 2,050.3        | 17,214.7   | 3,938.9    | 6,304.3            | 1.068       | 0.990       | 1.091       | 1.002   | 1.327   | 1.088           |
| 2013Q1          | 2013Q4       | 27,308.4       | 14,648.9       | 2,047.9        | 16,696.8   | 4,278.7    | 6,332.9            | 1.082       | 0.997       | 1.100       | 1.010   | 1.335   | 1.102           |
| 2013Q2          | 2014Q1       | 26,774.8       | 14,440.4       | 2,058.6        | 16,499.0   | 4,048.3    | 6,227.6            | 1.080       | 1.000       | 1.088       | 1.011   | 1.324   | 1.103           |
| 2013Q3          | 2014Q2       | 26,647.1       | 14,407.2       | 2,085.1        | 16,492.3   | 3,950.8    | 6,204.0            | 1.075       | 0.995       | 1.099       | 1.008   | 1.324   | 1.094           |
| 2013Q4          | 2014Q3       | 26,654.5       | 14,337.1       | 2,104.0        | 16,441.0   | 3,981.6    | 6,231.8            | 1.077       | 0.999       | 1.091       | 1.011   | 1.328   | 1.092           |
| 2014Q1          | 2014Q4       | 26,621.2       | 14,106.1       | 2,095.6        | 16,201.8   | 4,192.9    | 6,226.5            | 1.087       | 1.005       | 1.095       | 1.016   | 1.326   | 1.108           |
| 2014Q2          | 2015Q1       | 26,254.4       | 13,940.7       | 2,125.5        | 16,066.2   | 4,022.8    | 6,165.3            | 1.092       | 1.012       | 1.105       | 1.024   | 1.329   | 1.112           |
| 2014Q3          | 2015Q2       | 26,011.7       | 13,826.1       | 2,205.5        | 16,031.7   | 3,822.9    | 6,157.1            | 1.090       | 1.013       | 1.102       | 1.025   | 1.328   | 1.111           |
| 2014Q4          | 2015Q3       | 25,945.4       | 13,551.2       | 2,300.6        | 15,851.8   | 3,852.3    | 6,241.4            | 1.097       | 1.016       | 1.110       | 1.030   | 1.337   | 1.120           |
| 2015Q1          | 2015Q4       | 25,809.7       | 13,173.5       | 2,277.5        | 15,451.0   | 4,085.9    | 6,272.8            | 1.111       | 1.024       | 1.118       | 1.037   | 1.346   | 1.140           |
| 2015Q2          | 2016Q1       | 25,236.0       | 12,853.7       | 2,340.5        | 15,194.3   | 3,727.6    | 6,314.2            | 1.111       | 1.025       | 1.129       | 1.041   | 1.348   | 1.139           |
| 2015Q3          | 2016Q2       | 25,173.3       | 12,816.7       | 2,470.0        | 15,286.7   | 3,532.7    | 6,353.9            | 1.102       | 1.019       | 1.120       | 1.035   | 1.342   | 1.131           |
| 2015Q4          | 2016Q3       | 24,998.0       | 12,680.9       | 2,569.1        | 15,249.9   | 3,453.1    | 6,295.0            | 1.098       | 1.013       | 1.116       | 1.031   | 1.338   | 1.129           |
| 2016Q1          | 2016Q4       | 24,688.6       | 12,431.0       | 2,567.5        | 14,998.4   | 3,504.4    | 6,185.8            | 1.101       | 1.014       | 1.117       | 1.032   | 1.340   | 1.134           |
| 2016Q2          | 2017Q1       | 24,209.3       | 12,274.4       | 2,543.0        | 14,817.3   | 3,341.4    | 6,050.6            | 1.106       | 1.024       | 1.125       | 1.041   | 1.345   | 1.135           |
| 2016Q3          | 2017Q2       | 24,099.4       | 12,174.1       | 2,640.7        | 14,814.8   | 3,136.3    | 6,148.3            | 1.098       | 1.016       | 1.111       | 1.033   | 1.338   | 1.134           |
| 2016Q4          | 2017Q3       | 23,969.8       | 11,892.9       | 2,703.6        | 14,596.5   | 3,137.8    | 6,235.5            | 1.100       | 1.012       | 1.119       | 1.032   | 1.347   | 1.135           |



# WI Nursing Home Census and Case Mix History

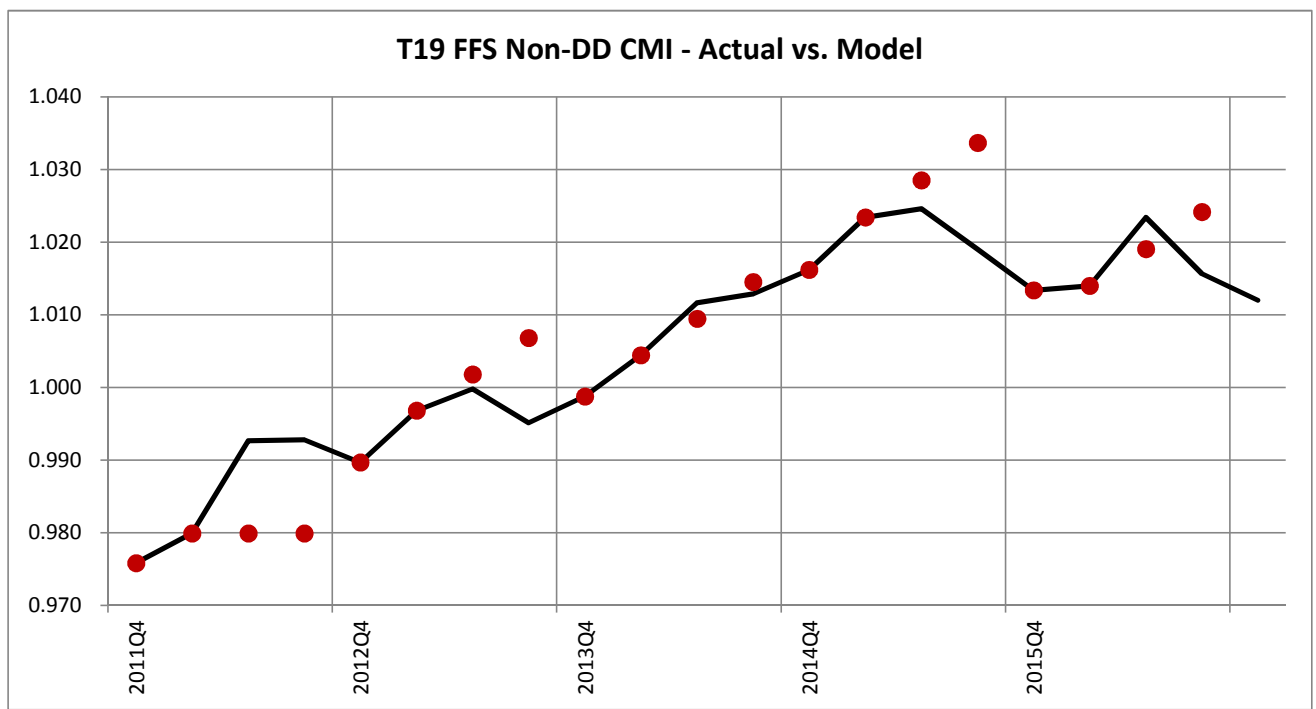
Excludes state owned/operated facilities and non-Medicaid facilities; excludes DD, vent. and TBI residents



# Analysis of Change in Quarterly T19 FFS Non-DD Case Mix Index

Excludes state owned/operated facilities and non-Medicaid facilities; excludes DD, vent, and TBI residents

| Rate Year | Rate Quarter | Picture Quarter | Current Qtr CMI | Model CMIs SFY13 | Model CMIs SFY14 | Model CMIs SFY15 | Model CMIs SFY16 | Model CMIs SFY17 |
|-----------|--------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| SFY13     | 2012Q3       | 2011Q4          | 0.976           | 0.976            |                  |                  |                  |                  |
|           | 2012Q4       | 2012Q1          | 0.980           | 0.980            |                  |                  |                  |                  |
|           | 2013Q1       | 2012Q2          | 0.993           | 0.980            |                  |                  |                  |                  |
|           | 2013Q2       | 2012Q3          | 0.993           | 0.980            |                  |                  |                  |                  |
| SFY14     | 2013Q3       | 2012Q4          | 0.990           | 0.990            |                  |                  |                  |                  |
|           | 2013Q4       | 2013Q1          | 0.997           | 0.997            |                  |                  |                  |                  |
|           | 2014Q1       | 2013Q2          | 1.000           | 1.002            |                  |                  |                  |                  |
|           | 2014Q2       | 2013Q3          | 0.995           | 1.007            |                  |                  |                  |                  |
| SFY15     | 2014Q3       | 2013Q4          | 0.999           | 0.999            |                  |                  |                  |                  |
|           | 2014Q4       | 2014Q1          | 1.004           | 1.004            |                  |                  |                  |                  |
|           | 2015Q1       | 2014Q2          | 1.012           | 1.009            |                  |                  |                  |                  |
|           | 2015Q2       | 2014Q3          | 1.013           | 1.015            |                  |                  |                  |                  |
| SFY16     | 2015Q3       | 2014Q4          | 1.016           | 1.016            |                  |                  |                  |                  |
|           | 2015Q4       | 2015Q1          | 1.023           | 1.023            |                  |                  |                  |                  |
|           | 2016Q1       | 2015Q2          | 1.025           | 1.029            |                  |                  |                  |                  |
|           | 2016Q2       | 2015Q3          | 1.019           | 1.034            |                  |                  |                  |                  |
| SFY17     | 2016Q3       | 2015Q4          | 1.013           |                  |                  |                  |                  | 1.013            |
|           | 2016Q4       | 2016Q1          | 1.014           |                  |                  |                  |                  | 1.014            |
|           | 2017Q1       | 2016Q2          | 1.023           |                  |                  |                  |                  | 1.019            |
|           | 2017Q2       | 2016Q3          | 1.016           |                  |                  |                  |                  | 1.024            |
| SFY18     | 2017Q3       | 2016Q4          | <b>1.012</b>    |                  |                  |                  |                  |                  |



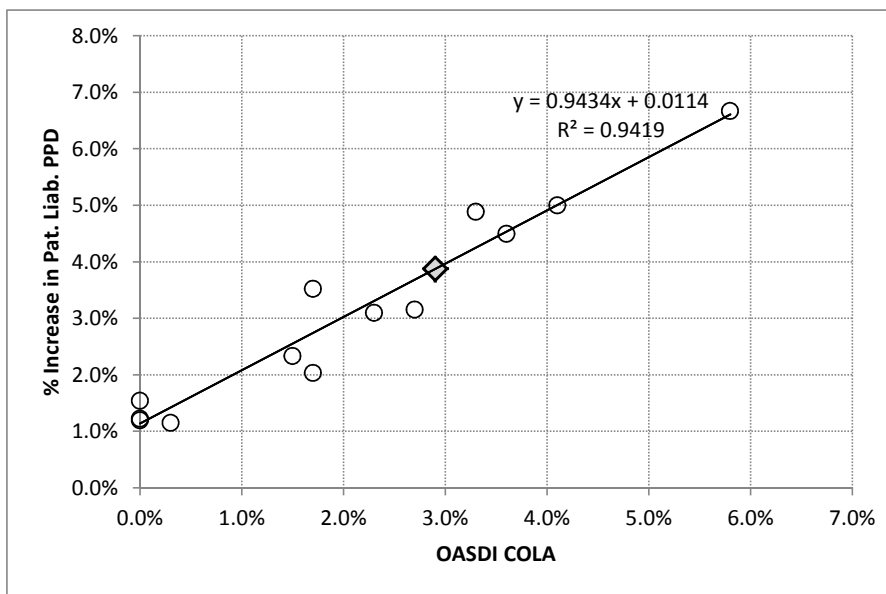
# WI Medicaid FFS Nursing Home Non-DD In-House Patient Liability History

| Cal. Year  | PDs       | PMs    | Paid        | Paid PPD | Pat Liab    | PL PPD | Total PPD | PL PPM   | Inc. PL PPM | % Inc. | COLA* | PL%   |
|------------|-----------|--------|-------------|----------|-------------|--------|-----------|----------|-------------|--------|-------|-------|
| 2004       | 8,188,381 | 22,373 | 823,307,575 | 100.55   | 200,581,440 | 24.50  | 125.04    | 747.12   |             |        |       | 19.6% |
| 2005       | 7,912,599 | 21,678 | 802,885,169 | 101.47   | 200,484,314 | 25.34  | 126.81    | 770.68   | 23.55       | 3.2%   | 2.7%  | 20.0% |
| 2006       | 7,649,363 | 20,957 | 780,357,119 | 102.02   | 203,499,483 | 26.60  | 128.62    | 809.19   | 38.51       | 5.0%   | 4.1%  | 20.7% |
| 2007       | 7,270,090 | 19,918 | 753,115,272 | 103.59   | 202,857,270 | 27.90  | 131.49    | 848.72   | 39.53       | 4.9%   | 3.3%  | 21.2% |
| 2008       | 6,954,760 | 19,002 | 752,099,999 | 108.14   | 199,518,777 | 28.69  | 136.83    | 874.99   | 26.27       | 3.1%   | 2.3%  | 21.0% |
| 2009       | 6,685,233 | 18,316 | 765,947,444 | 114.57   | 205,136,689 | 30.69  | 145.26    | 933.34   | 58.35       | 6.7%   | 5.8%  | 21.1% |
| 2010       | 6,411,649 | 17,566 | 772,470,550 | 120.48   | 199,092,598 | 31.05  | 151.53    | 944.49   | 11.15       | 1.2%   | 0.0%  | 20.5% |
| 2011       | 6,050,619 | 16,577 | 738,513,946 | 122.06   | 190,774,175 | 31.53  | 153.59    | 959.03   | 14.54       | 1.5%   | 0.0%  | 20.5% |
| 2012       | 5,871,261 | 16,042 | 730,035,941 | 124.34   | 192,909,617 | 32.86  | 157.20    | 1,002.13 | 43.10       | 4.5%   | 3.6%  | 20.9% |
| 2013       | 5,518,913 | 15,120 | 705,292,295 | 127.80   | 185,525,645 | 33.62  | 161.41    | 1,022.50 | 20.37       | 2.0%   | 1.7%  | 20.8% |
| 2014       | 5,304,120 | 14,532 | 691,191,768 | 130.31   | 182,461,083 | 34.40  | 164.71    | 1,046.33 | 23.83       | 2.3%   | 1.5%  | 20.9% |
| 2015       | 4,935,601 | 13,522 | 651,151,446 | 131.93   | 175,759,511 | 35.61  | 167.54    | 1,083.15 | 36.82       | 3.5%   | 1.7%  | 21.3% |
| 2016       | 4,685,743 | 12,803 | 623,276,398 | 133.02   | 168,436,771 | 35.95  | 168.96    | 1,096.37 | 13.22       | 1.2%   | 0.0%  | 21.3% |
| 2017       | 1,776,239 | 11,763 | 237,410,925 | 133.66   | 65,224,769  | 36.72  | 170.38    | 1,108.97 | 12.59       | 1.1%   | 0.3%  | 21.6% |
| 2018 (est) |           |        |             |          |             | 37.87  |           | 1,151.95 | 42.98       | 3.9%   | 2.9%  |       |

| Year           | COLA* | PL % Inc |
|----------------|-------|----------|
| 2004 to 2005   | 2.7%  | 3.2%     |
| 2005 to 2006   | 4.1%  | 5.0%     |
| 2006 to 2007   | 3.3%  | 4.9%     |
| 2007 to 2008   | 2.3%  | 3.1%     |
| 2008 to 2009   | 5.8%  | 6.7%     |
| 2009 to 2010   | 0.0%  | 1.2%     |
| 2010 to 2011   | 0.0%  | 1.5%     |
| 2011 to 2012   | 3.6%  | 4.5%     |
| 2012 to 2013   | 1.7%  | 2.0%     |
| 2013 to 2014   | 1.5%  | 2.3%     |
| 2014 to 2015   | 1.7%  | 3.5%     |
| 2015 to 2016   | 0.0%  | 1.2%     |
| 2016 to 2017** | 0.3%  | 1.1%     |
| 2017 to 2018   | 2.9%  | 3.9%     |

\* [www.ssa.gov/cgi-bin/bri.cgi](http://www.ssa.gov/cgi-bin/bri.cgi)

\*\* SFY17 Est      0.2%      1.5%



| SFY  | PL PPM    | Chg PPM  | CHG PPD |
|------|-----------|----------|---------|
| 2005 | \$ 758.90 |          |         |
| 2006 | 789.93    | \$ 31.03 | \$ 1.02 |
| 2007 | 828.95    | 39.02    | 1.28    |
| 2008 | 861.85    | 32.90    | 1.08    |
| 2009 | 904.16    | 42.31    | 1.39    |
| 2010 | 938.91    | 34.75    | 1.14    |
| 2011 | 951.76    | 12.85    | 0.42    |
| 2012 | 980.58    | 28.82    | 0.95    |
| 2013 | 1,012.31  | 31.73    | 1.04    |
| 2014 | 1,034.41  | 22.10    | 0.73    |
| 2015 | 1,064.74  | 30.33    | 1.00    |
| 2016 | 1,089.76  | 25.02    | 0.82    |
| 2017 | 1,102.67  | 12.91    | 0.42    |
| 2018 | 1,130.46  | \$ 27.79 | \$ 0.91 |